

Exhibit 24

CHAPTER 13

Securities settlement systems

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CHAPTER 13 SECURITIES SETTLEMENT SYSTEMS

- DvP Model 3: net simultaneous settlement of securities and funds. The technical netting (this is a calculation of net balances, without the interposition of the CSD, and not a clearance in the CCP sense) therefore takes place for both the funds and the securities. The fact that the settlement is simultaneous is also intended to eliminate principal risk.

The DvP1 model is currently the most widely used in Europe because it is the one implemented by the T2S platform: transactions are settled individually for their gross amount as they arise. This model requires participants to maintain significant liquidity to meet their needs throughout the day, but platforms operating under this model, such as T2S (see Chapter 14), offer several features to reduce participant's liquidity needs (liquidity-saving features, see Chapter 14).

In the DvP 2 and 3 models, the frequency of settlements within the SSS and within the payment system, as well as the frequency of exchanges between the SSS and the payment system are also important because they determine the range of possibilities, in particular in terms of intraday liquidity provision. The provision of intraday liquidity assumes both that the SSS and the payment system offer several daily settlements (and not only one at the end of the day) and several daily interactions between the two, with different processes depending on the functioning of the payment system. The frequency of settlement cycles increases the effectiveness of the settlement process, but is limited by operational constraints. A CSD must therefore strike a balance between these two objectives in order to offer the best service to the participants of the SSS that it operates.

Using collateral to make transactions safer has become mainstream, which means that it is increasingly important for market participants to have full possession of acquired securities quickly in order to secure liquidity (from other players or central banks). In this respect, real-time settlement is a

definite advantage over deferred settlement since the transaction is completed and the acquired security is available immediately, which not only reduces the risk that the expected securities will not be received (this is in fact a "liquidity risk"), but also makes the security acquired in a "final" way immediately reusable by its buyer for some other need.

2.4. Optimisation mechanisms

The effectiveness of settlement depends first and foremost on the ability of SSS participants to effectively manage their liquidity in terms of securities and funds prior to settlement to minimize the risk of a settlement fail during the day and at the end of the day. If there is a shortage of liquidity, securities or cash lending facilities may be offered to participants, which greatly contributes to the effectiveness of the settlement process and the reduction of risk. In addition, organisational measures within the SSS, such as optimisation mechanisms or optimal sequencing of transactions, can usefully complement these services (see the T2S example in Chapter 14).

2.4.1. Liquidity management

Several lending schemes help improve cash or securities liquidity.

2.4.1.1. Securities lending services

Some CSDs organise a securities lending service that allows participants with ad hoc securities needs to call on those who have some to meet their delivery obligations. As in a repo, securities lending can lead to a temporary transfer of ownership of the securities to the borrower. The service is ancillary to the core services offered by a CSD.

Securities lending mechanisms help improve liquidity, and thus the proportion of transactions that are properly settled. The advantage for securities lenders, which are usually investors holding a portfolio of long-term – and therefore largely locked-in –